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TAGS: [ETRD](#) [EAGR](#) [EAID](#) [JA](#)  
SUBJECT: MEETING ON JAPAN'S RICE STOCKS

REF: STATE 50792

¶1. (SBU) This is an action request. Please see para 4. This cable supersedes guidance provided in reftel.

¶2. (SBU) U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) Administrator Yost met with Embassy of Japan Economic Minister and Acting DCM Yokoi on May 14, 2008 to discuss the global food crisis and steps that Japan could take to address it. Yost noted that the position of the U.S. Government (USG) has traditionally been that the rice which Japan imports under its Uruguay Round Minimum Market Access (MMA) obligations is intended for domestic consumption in Japan and should not be stored in warehouses or given away as food aid. However, due to the unprecedented increases in rice prices around the world, Yost said that the USG was prepared to discuss options that could include a release of Japan's rice stocks as an extraordinary measure in the current fiscal year. He said that these discussions should take place in the context of technical discussions between USG and GOJ experts. Yokoi agreed that the first of these discussions could take place on May 23 when GOJ rice stock expert Sato visits Washington.

¶3. (SBU) USDA and USTR have fielded a significant number of press inquiries regarding the position of the USG with respect to the release of Japan's rice stocks as food aid. In the meeting, Yost shared the following formulation of USG press points with Yokoi (this press release has been used with Japanese media in Washington):

BEGIN PRESS POINTS:

The United States places a great deal of importance on responding to the current food price crisis. President Bush recently announced approximately USD 200 million in emergency food aid and has also asked Congress to provide an additional USD 770 million to support food aid and development programs. Together, this amounts to nearly USD 1 billion in funding to bolster global food security.

The current conditions in the global rice market are very unusual. Even though aggregate supply, demand, and stocks have not significantly changed over recent years, we've seen unprecedented sudden price increases. Export controls, hoarding, and panic buying have all contributed greatly to market conditions.

These market conditions have created increased risk of hunger, while these high prices have significantly impacted the budgets of the World Food Program and other food aid donors.

In light of the food price crisis, some have called upon Japan to release its rice stocks onto the international market. A significant portion of Japan's rice stocks is made up of foreign rice imported under Japan's World Trade

Organization (WTO) obligations.

Because the rice is imported under the terms of the WTO Uruguay Round Agreement to provide access to Japan's domestic market, the view of the United States has been that, rather than go into government stocks, this rice should be consumed in Japan's domestic market.

However, the unique conditions in the rice market this year, coupled with the growing humanitarian and political dimensions of recent food price increases in developing countries, warrant considering extraordinary measures on this occasion to calm the international rice market.

U.S. officials will be conveying these views to the Government of Japan, and we hope to coordinate our food aid donor efforts in the coming weeks to address the urgent needs around the world.

END PRESS POINTS.

14. (SBU) ACTION REQUESTED: Embassy is no longer requested to seek meetings with GOJ officials to discuss the disposition of Japan's rice stocks. In communications with the Government of Japan, Embassy should flag this press release to the attention of officials at the Ministries of Foreign Affairs and Agriculture and request that they provide a response to the message delivered in the Yost-Yokoi meeting. Embassy may draw from the language provided in this cable. If asked, Embassy may also draw from the following Qs and As:

Question: Would Japan be breaking its WTO obligations if it exported its rice stocks?

Answer: This is a complicated question because Japan does have international commitments. But, again, the conditions of the current rice market are unique and warrant food aid donors talking with each other.

Question: How much rice does Japan hold in its stocks?

Answer: Japan currently has stocks of 2.4 million MT of rice, of which 1.5 million MT was imported to fulfill their WTO obligations. Under its WTO obligations, Japan is obligated to purchase imported rice annually. About half of the imported rice stocks are from the United States, with the remainder primarily from Thailand and Vietnam.

Question: Japan fell 65,000 MT short of fulfilling its MMA commitments in FY 2007/08, citing high prices and the global supply situation. What is the position of the U.S. Government with respect to Japan's outstanding MMA commitments?

Answer: We are committed to working closely with the Government of Japan to identify a way for Japan to fulfill its international obligations without negatively impacting world markets.

RICE